HCC – Quiz 14 – Chapter 13 – 4-20-17  
  
Finance and Fiscal Policy  
  
1. Texas has generally resisted using all of the following to balance the budget, except   
a. enacting a state income tax.   
b. increasing various state taxes.   
c. reducing agency funding.   
d. borrowing from the “rainy day” fund.   
  
2. Most Texans have indicated in numerous polls that they prefer \_\_\_\_\_\_\_\_\_\_ taxation.   
a. regressive   
b. progressive   
c. flat   
d. neutral   
  
3. Which of the following is not a source of revenue for Texas state government?   
a. State income tax   
b. General sales tax   
c. Franchise tax   
d. Severance tax   
  
4. Most non-farm jobs in Texas are in the general area of   
a. manufacturing.   
b. service providing.   
c. food processing.   
d. local government.   
  
5. The Texas state tax mandated on the revenue of many businesses is the   
a. state income tax.   
b. general sales tax.   
c. franchise tax.   
d. severance tax.   
  
6. Regarding fiscal policy, the Texas Constitution requires that the   
a. legislature draft and pass an annual budget.   
b. state’s expenditures should be within 10 percent of projected state revenues.   
c. state’s spending should be in balance with projected state revenues.   
d. governor certify that state spending is in balance with state revenues.   
  
7. The tax that produces the most significant amount of revenue in Texas is the   
a. general sales tax.   
b. selective sales tax.   
c. business franchise tax.   
d. gross receipts tax.   
  
8. So-called “sin taxes” are levies placed on   
a. alcohol, mixed drinks, and tobacco.   
b. food, clothing, and drinks.   
c. hotel and restaurant revenues.   
d. hunting and fishing activities.   
  
9. The unemployment compensation system is supported by   
a. a special sales tax.   
b. an excise tax.   
c. a payroll tax.   
d. a severance tax.   
  
10. Where does Texas rank among the states in the tax burden on its citizens?   
a. Near the top   
b. About twentieth   
c. About thirty-fifth   
d. Near the bottom   
  
11. Grants-in-aid are defined as   
a. money from the federal government to the state.   
b. state matching of federal funds.   
c. money from private foundations to the state.   
d. federal money to states based on income tax ratios.   
  
12. Which state program in Texas does not receive substantial federal funding?   
a. Public education   
b. Highways   
c. Teacher retirement   
d. Public assistance   
  
13. The largest share of public land revenue in Texas is derived from   
a. the sale of land to private individuals.   
b. the sale of timber.   
c. oil lease fees and royalties.   
d. recreational use fees.   
  
14. In order for Texas to increase its bond debt, approval must be given by the   
a. Texas legislature.   
b. Texas governor.   
c. voters of Texas.   
d. comptroller of public accounts.   
  
15. The state’s Economic Stabilization Fund is   
a. funded by proceeds from the state lottery.   
b. used to fund local government operations.   
c. used to supplement federal grants when those decline.   
d. sometimes called the “rainy day” fund.   
  
16. Approximately what percentage of state expenditures goes to all education funding in Texas?   
a. 15–20 percent   
b. 25–30 percent   
c. 35–40 percent   
d. 45–50 percent   
  
17. Compared to the rest of the nation, the number of children without health insurance coverage in Texas is   
a. among the lowest.   
b. about average.   
c. the highest.   
d. decreasing rapidly.   
  
18. Which statement best characterizes the status of Texas highways?   
a. Many highways are in disrepair, but there are adequate funds for their repair.   
b. Large sums of money are currently needed for highway repair and maintenance.   
c. It probably makes more sense to build new highways than to repair old ones.   
d. The state has more than adequately maintained its highways since 1984. 